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December 10, 2008

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, DC 20549

Re: AT&T Inc. – Request to Exclude Stockholder Proposal of Trillium Asset Management Corp. on behalf of Jane Brown and Co-Proponents

Ladies and Gentlemen:

Our client, AT&T Inc., a Delaware corporation (“AT&T” or the “Company”), proposes to exclude a stockholder proposal this year for the same reason the Commission staff (the “Staff”) permitted the Company to exclude substantially the same proposals the last two years, as well as the other reasons described in this letter.<sup>1</sup> We believe the current proposal is merely an attempt to repackage the proposals from the last two years about AT&T’s management function regarding its customer privacy practices, each of which the Staff concluded was excludable on ordinary business grounds under item (i)(7) of Rule 14a-8. We also believe the current proposal is excludable under item (i)(10) on the ground that it has already been substantially implemented.

On behalf of AT&T, we respectfully request the Staff to confirm that it will not recommend any enforcement action to the Commission if the Company excludes this year’s stockholder proposal (the “Current Proposal”) by Trillium Asset Management Corp. on behalf of Jane Brown (the “Proponent”) from its proxy statement and proxy card for the 2009 annual meeting.

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<sup>1</sup> Certain of the factual information in this letter was provided to us by the Company.

Boston Common Asset Management, LLC ("Boston Common"), on behalf of certain of its clients, and Calvert Asset Management Company, Inc. ("Calvert"), on behalf of certain of its related funds, have also submitted proposals to the Company that are identical to the Current Proposal and have asked to join the Proponent as co-filers of the Current Proposal. Thus, our request to confirm that the Current Proposal may be excluded from the Company's 2009 proxy statement applies with regard to these co-filers' submissions as well.

The Company currently plans to file its definitive proxy statement for the 2009 annual meeting on or about March 11, 2009, which is more than 80 days after the date of this letter. Pursuant to Rule 14a-8(j), we enclose six paper copies of this letter, together with the Current Proposal, the Proponent's cover letter and supporting statement and the co-filer's submissions. We have also sent copies of this letter and the accompanying documents to the Proponent, to the attention of its designated contact, Jonas Kron of Trillium Asset Management Corp., to Boston Common, to the attention of its designated contact, Melissa Locke, and to Calvert, to the attention of its designated contact, Aditi Vora.

### **The Current Proposal**

The Current Proposal is entitled "Report on Network Management Practices, Public Expectations of Privacy and Freedom of Expression on the Internet". Following several paragraphs of introductory language, the Current Proposal sets forth the following resolution to be adopted by stockholders at the 2009 annual meeting:

"Therefore, be it resolved, that stockholders request the board to issue a report by October 2009, excluding proprietary and confidential information, examining the effects of the company's Internet network management practices in the context of the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet."

The full text of the Current Proposal and the Proponent's supporting statement, as well as related correspondence with the Proponent, Boston Common and Calvert, are attached as Annex A.

### **The Prior Proposals**

The Current Proposal is substantially the same as stockholder proposals submitted to the Company in each of the last two years for consideration at its 2007 and 2008 annual meetings (the "Prior Proposals") and which the Staff permitted the Company to exclude from its 2007 and 2008 proxy statements pursuant to item (i)(7) of Rule 14a-8. See Letters regarding *AT&T Inc.* (February 9, 2007 and February 7, 2008). Like the Current Proposal, the Prior Proposals were also co-filed by Calvert. The Prior Proposals, had they been adopted, would have requested the Company's Board of Directors (the "Board") to prepare a report that discussed, in the words of last year's version, "the policy issues that pertain to disclosing customer records and the content of customer

communications to federal and state agencies without a warrant, as well as the effect of such disclosure on the privacy rights of customers".<sup>2</sup> The Staff concluded that AT&T could exclude the Prior Proposals because they related, in the case of last year's version, "to AT&T's ordinary business operations (i.e., procedures for protecting customer information)."<sup>3</sup>

As described in more detail below, the Current Proposal addresses a topic that, at its core, is the same as the topic addressed by the Prior Proposals, namely, AT&T's management practices relating to customer privacy. Whereas the Prior Proposals requested the Board to prepare a report on customer privacy practices including, among other things, disclosure of information to government agencies, the Current Proposal requests a Board report on customer privacy practices as they relate to the Internet. While the wording of the Prior Proposals made reference to government agencies and the wording of the Current Proposal makes reference to the Internet, all three proposals are phrased broadly enough to encompass a wide and overlapping range of customer privacy practices generally. Like the excluded Prior Proposals, the Current Proposal is equally focused on management functions regarding customer privacy – that is, on the Company's ordinary business operations.

As discussed below, the Current Proposal is an attempt by stockholders to influence an aspect of the Company's ordinary business operations – customer privacy practices – that is the responsibility of management. These functions involve a host of complex technical, legal and financial issues that cannot be overseen or directed effectively by stockholders and for this reason have traditionally and properly been regarded as being within the province of management. In addition, the Company has already published a comprehensive statement of its privacy policies, procedures and practices, including those relating to the Internet, so that the core elements of the Current Proposal have already been substantially implemented.

### **Background Note**

By way of background, the Company believes it is clear that the Prior Proposals as well as the Current Proposal were prompted by allegations, initially made in December 2005, that the Company disclosed certain private customer information to the National Security Agency (the "NSA") and other government agencies. Over 20 lawsuits based

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<sup>2</sup> The earlier version, submitted in 2006, made substantially the same request: that the Board prepare a report on, among other things, "the overarching technical, legal and ethical policy issues surrounding (a) disclosure of the content of customer communications and records to the Federal Bureau of Investigation, NSA and other government agencies without a warrant and its effect on the privacy rights of AT&T's customers and (b) notifying customers whose information has been shared with such agencies". Given the substantial similarity of the Prior Proposals, for convenience our discussion of them focuses on last year's version except where noted.

<sup>3</sup> In the case of the earlier version, the Staff concluded it could be excluded because it related to "AT&T's ordinary business operations (i.e., litigation strategy)." The litigation referenced by the Staff involves the allegations that AT&T disclosed customer information to government agencies and is discussed further below.

on those allegations were filed against the Company in federal district courts throughout the United States, the first one in January 2006. See *Hepting v. AT&T*, No. 3:06-CV-006720-VRW (N.D. Cal.). The lawsuits making the same allegations were subsequently consolidated in the U.S. District Court for the Northern District of California. The district court denied motions to dismiss the case made by both the U.S. Government and the Company, which then appealed the decision to the U.S. Court of Appeals for the Ninth Circuit. While the appeal was pending, Congress and the President enacted legislation intended to grant immunity to telecommunications companies, such as AT&T, with respect to lawsuits based on their alleged cooperation with government agencies, in each case if the U.S. Attorney General requested that the relevant lawsuit be dismissed. The Ninth Circuit remanded the case against the Company to the district court for reconsideration in light of the new statute, and the Attorney General subsequently requested that the case be dismissed. The plaintiffs then challenged the statute on constitutional grounds, and that challenge is now pending before the district court.

Both of the Prior Proposals made specific reference to the allegations in the lawsuit and asked the Board to report on the Company's privacy practices in light of those allegations. The Company requested and the Staff granted no-action relief allowing the Company to exclude those proposals from the Company's annual proxy statements for 2007 and 2008, respectively. While the Current Proposal does not refer specifically to these allegations, the Company believes that the Current Proposal, as much as each of the Prior Proposals, reflects an attempt to address matters that are the subject of the pending judicial proceeding as well as the earlier legislative proceeding in Congress. These matters are being addressed through the judicial and legislative processes and the Company believes it is not appropriate to address them, directly or indirectly, through the proxy solicitation process.

In addition, the Current Proposal would require the Board, in very broad terms, to report on the Company's Internet network management practices in the context of "the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet." Given the sweeping scope of this request, as well as the judicial and legislative proceedings that provide the backdrop to this request, it would be difficult for the requested report to avoid discussion of the allegations made in pending lawsuits – including the litigation alleging that AT&T has in the past disclosed private customer information to the NSA and other government agencies and that any such disclosure violated the privacy rights of AT&T customers – or, therefore, to avoid discussion about whether those allegations are true or false. The Company believes, however, that any such discussion would be difficult to have in any meaningful way without providing potentially sensitive information relating to the events in question, information that, if made public, could raise questions about whether such disclosure was lawful. While the Current Proposal purports to allow the Board to exclude "proprietary and confidential information", it pertains to matters that are inherently sensitive and may even be subject to federal statutory or other legal restrictions on disclosure relating to national security and law enforcement. In its letters to the Staff regarding the Prior Proposals, the Company provided a detailed explanation of why such requested reports could cause AT&T to violate federal laws designed to

protect the intelligence gathering activities of the U.S. Government. Given the sweeping breadth of the Current Proposal, those concerns remain relevant this year, and we refer the Staff to the Company's discussion of those concerns in its prior letters.

### **The Current Proposal Relates to Ordinary Business Matters and May Be Excluded Pursuant to Rule 14a-8(i)(7)**

Item (i)(7) of Rule 14a-8 permits a company to omit a stockholder proposal from its proxy materials if the proposal deals with a matter relating to the company's ordinary business operations. The general policy underlying the "ordinary business" exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual stockholders meeting." This general policy reflects two central considerations: (1) "certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and (2) the "degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." Exchange Act Release No. 34-40018 (May 21, 1998).

In applying the item (i)(7) exclusion to proposals requesting companies to prepare reports on specific aspects of their business, the Staff has determined that it will consider whether the subject matter of the report involves a matter of ordinary business. If it does, the proposal can be excluded even if it requests only the preparation of the report and not the taking of any action with respect to such ordinary business matter. Exchange Act Release No. 34-20091 (August 16, 1983).<sup>4</sup>

### ***The Current Proposal Relates to Matters of Customer Privacy***

The Current Proposal can be omitted under item (i)(7) because it seeks to subject to stockholder oversight AT&T's policies and procedures for protecting customer privacy<sup>5</sup> in the context of its Internet network management practices. The development and implementation of these policies and procedures are an integral part of AT&T's day-to-day business operations and a function that is properly and necessarily left to the discretion of management.

*Customer Privacy Is a Management Function.* The Staff has long recognized that the protection of customer privacy is a core management function, not subject to stockholder oversight, and has, to that end, allowed companies to exclude proposals requesting reports on issues related to customer privacy. In *Verizon Communications*

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<sup>4</sup> This release addressed Rule 14a-8(c)(7), which is the predecessor to Rule 14a-8(i)(7).

<sup>5</sup> The Current Proposal also refers to customer freedom of expression, a topic that is closely related to and largely overlaps with customer privacy and is addressed further below.

*Inc.*, a stockholder submitted a proposal requesting that the company prepare a report describing “the overarching technological, legal and ethical policy issues surrounding the disclosure of customer records and communications content” to government and non-government agencies. The proposal also emphasized the importance of these issues in terms of customer freedom of expression. Notwithstanding these concerns, the Staff allowed Verizon to exclude the proposal from its proxy materials on the ground that it related “to Verizon’s ordinary business operations (*i.e.*, procedures for protecting customer information).” See Letter regarding *Verizon Communications Inc.* (February 22, 2007). In essence, the subject matter of the Current Proposal is substantially the same as that addressed in *Verizon Communications Inc.*, because its underlying premise relates to the way the Company protects and handles the privacy of customer information, in this instance in the context of Internet network management practices.

Similarly, in *Bank of America Corp.*, a stockholder, in response to specific instances of lost and stolen customer records, submitted a proposal requesting that the company prepare a report on its policies and procedures for ensuring the confidentiality of customer information. The Staff concluded that the requested report involved matters of ordinary business in that it sought information regarding the company’s “procedures for protecting customer information” and concurred in the company’s decision to exclude the proposal pursuant to Rule 14a-8(i)(7). See Letter regarding *Bank of America Corp.* (February 21, 2006); see also Letters regarding *Bank of America Corp.* (March 7, 2005) (almost identical proposal from the same proponent could be excluded as relating to the company’s ordinary business of protecting customer information); *Applied Digital Solutions, Inc.* (March 25, 2006) (proposal requesting the company to prepare a report analyzing the privacy implications of its radio frequency identification chips could be excluded as relating to the company’s ordinary business of managing privacy issues related to product development); *Citicorp* (January 8, 1997) (proposal requesting the company to prepare a report on policies and procedures to monitor illegal transfers through customer accounts could be excluded as relating to ordinary business operations).

Equally relevant are the Staff’s earlier decisions to permit AT&T to exclude the Prior Proposals from the 2007 and 2008 proxy statements. The Staff concluded that the Prior Proposals, which were substantially identical to the proposals considered in *Verizon Communications Inc.* and *Bank of America Corp.*, related to AT&T’s ordinary business operations, in particular to aspects of the Company’s procedures for protecting customer information. The very same procedures, this time in the context of Internet network management practices, are now the focus of the Current Proposal.

While phrased somewhat more broadly than the Prior Proposals and the proposals in *Verizon Communications Inc.* and *Bank of America Corp.*, the Current Proposal focuses on precisely the same ordinary business operations at issue in those other no-action letters. The Current Proposal would require AT&T to produce a report examining “the effects of the company’s Internet network management practices in the context of the significant public policy concerns regarding the public’s expectations of privacy and freedom of expression on the Internet.” Such a report would inevitably require the

Company to address the way it handles customer information with regard to privacy concerns – in other words, to address its policies and procedures relating to customer privacy in the context of Internet usage. As noted above, the Staff has long recognized that matters of customer privacy in general are necessarily part of ordinary business operations.

Thus, just like the Prior Proposals and those in *Verizon Communications Inc.* and *Bank of America Corp.*, the Current Proposal focuses directly on the Company's policies and procedures for protecting customer information, in this case in the context of Internet usage, and in particular on certain commercial aspects of this topic. As the Staff has already recognized, matters of this kind are integral to the day-to-day business operations of a company and cannot, "as a practical matter, be subject to direct shareholder oversight." Exchange Act Release No. 34-40018 (May 21, 1998).

*Public Policy Overlap Does Not Change the Outcome.* Additionally, it should be noted that the fact that a proposal touches upon a matter with possible public policy implications does not necessarily undermine the basis for omitting it under item (i)(7). The Staff has indicated that the applicability of item (i)(7) depends largely on whether implementing a proposal would have broad public policy impacts outside the company, or instead would deal with matters of the company's internal business operations, planning and strategies. In fact, the Staff has consistently concurred with the exclusion of proposals that address ordinary business matters, even though they might also implicate public policy concerns. See, e.g., Letters regarding *Microsoft Corporation* (September 29, 2006) (excluding proposal asking the company to evaluate the impact of expanded government regulation of the Internet); and *Pfizer Inc.* (January 24, 2006) and *Marathon Oil* (January 23, 2006) (in both cases, excluding proposals requesting inward-looking reports on the economic effects of HIV/AIDS, tuberculosis and malaria pandemics on the company's business strategies and risk profiles). As noted above, the Current Proposal is directed at Internet network management practices, privacy policies and procedures and a number of related business, financial, technical and legal issues and thus falls squarely in this group.

### ***The Current Proposal Relates to Matters of Legal Compliance***

The Current Proposal can also be properly excluded pursuant to item (i)(7) because it relates to the Company's conduct of its legal compliance program. The Staff has long identified a company's compliance with laws and regulations as a matter of ordinary business. In *Allstate Corp.*, a stockholder proposal requested, in part, that the company issue a report discussing the illegal activities that were the subject of a number of state investigations and consent decrees involving Allstate. The Staff held that a company's general conduct of a legal compliance program was a matter of ordinary business and agreed to Allstate's exclusion of the proposal under Rule 14a-8(i)(7). Letter regarding *Allstate Corp.* (February 16, 1999); see also Letters regarding *Duke Power Co.* (February 1, 1988) (proposal requesting the company to prepare a report detailing its environmental protection and pollution control activities could be excluded as relating to

the ordinary business of complying with government regulations); and *Halliburton Company* (March 10, 2006) (proposal requesting a report addressing the potential impact of certain violations and investigations on the company's reputation and stock value and how the company intended to prevent further violations could be excluded as relating to the ordinary business of conducting a legal compliance program).

Legal compliance is exactly the type of "matter of a complex nature upon which stockholders, as a group, would not be in a position to make an informed judgment" (Exchange Act Release No. 34-40018 (May 21, 1998)). Moreover, stockholder interference with legal compliance poses a significant risk of micro-managing the company.

As already noted, the Current Proposal requests a report about the Company's Internet network management practices insofar as they affect customer privacy interests. A report on this topic would inevitably lead to a discussion of the Company's compliance with laws and regulations governing the use of customer information and customer privacy. In addition, as also noted above, the Proponent's supporting statement makes it clear that the report would need to address the Company's practices regarding disclosure of customer information to third parties, which in turn would likely require a discussion of disclosure to government agencies on law enforcement or national security grounds. This part of the Current Proposal may well lead to a re-examination of the allegations that are the basis of the pending lawsuit against the Company and that were a particular focus of the Prior Proposals. As noted above, the Company believes that this aspect of the Current Proposal could raise some of the concerns about the potential violation of federal disclosure laws that were discussed in the Company's letters to the Staff regarding the Prior Proposals.

The legal and compliance issues relating to customer privacy are complex and rapidly evolving. This is particularly true with regard to laws and regulations governing the use of the Internet, as this is an area of the law that is closely intertwined with the many technological developments affecting the Internet. It is also particularly true with regard to laws and regulations relating to disclosure to government agencies, as these raise difficult questions about law enforcement and national security. In sum, the Current Proposal would require the Company to address with its stockholders precisely the kind of complex legal and compliance issues about which stockholders are not in a position to make an informed judgment and that the Staff has long recognized comprise ordinary business operations and are properly the responsibility of management.

### ***The Current Proposal Involves the Company in the Political or Legislative Process***

The Current Proposal may also be excluded under item (i)(7) because it would involve the Company in the political or legislative process relating to aspects of the Company's operations. A number of no-action letters have confirmed that proposals requesting a company to issue reports analyzing the potential impact on the company of proposed



national legislation may properly be excluded as “involving [the company] in the political or legislative process relating to an aspect of [the company’s] operations.” See Letters regarding *International Business Machines Corp.* (March 2, 2000), *Electronic Data Systems Corp.* (March 24, 2000) and *Niagara Mohawk Holdings, Inc.* (March 5, 2001) (in all three cases, proposals requesting the company to issue reports evaluating the impact on the company of pension-related proposals being considered by national policy makers were excluded on the ground that they could involve the company in the political or legislative process).

Preparing a report for stockholders about Internet network management practices in the context of customer privacy and freedom of expression, as the Current Proposal calls for, would require the Company to address publicly a number of difficult technical, legal and business issues that are currently the subject of sometimes intense and controversial debate among federal and state legislators, regulators, the media and the public. For example, one of the most intensely debated issues relating to Internet network management practices in recent years involves the concept of “net neutrality” – *i.e.*, whether Internet service providers should be required to implement non-discrimination safeguards designed to prevent them from blocking, speeding up or slowing down web content based on its source, ownership or destination. A bill to amend the Communications Act of 1934 to establish certain Internet neutrality duties for Internet service providers was read twice in Congress<sup>6</sup> and has been referred to the U.S. Senate Committee on Commerce, Science and Transportation, but has not yet been passed. Therefore, this topic remains subject to legislative and political debate and has not been resolved. The same may be said for the disclosure of Internet customer information to government agencies on law enforcement or national security grounds.

Requiring the Company to address these matters in a detailed, public way, including by examining the many social, political and other “significant public policy concerns regarding the public’s expectations of privacy and freedom of expression on the Internet”, as the Current Proposal states, would force the Company to involve itself in an ongoing political and legislative debate that could have far reaching effects on its business and operations. Topics such as net neutrality and disclosure to government agencies require a careful evaluation of complex, fact-specific issues that implicate a number of business, financial, technological and legal considerations. It is neither appropriate nor effective to conduct this kind of an evaluation through the proxy solicitation process and doing so could harm interests of the Company and its stockholders.

The Staff has recognized that stockholder proposals need not be included in proxy statements if they would force a company to engage in a political or legislative debate that could affect its ordinary business operations. In fact, the Staff recently re-affirmed this position with regard to stockholder proposals requiring reports about Internet network management practices and net neutrality. See Letters regarding *Yahoo, Inc.*

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<sup>6</sup> See the 110<sup>th</sup> session of the Congress; S. 215, 110th Cong. (2007).

(April 5, 2007) and *Microsoft Corporation* (September 29, 2006) (requests for reports evaluating the impact of expanded government regulation of the Internet, particularly with regard to net neutrality, could be excluded under item (i)(7)). In light of the foregoing, the Current Proposal should be excludable under item (i)(7) as one that would involve the Company in the political or legislative process affecting its ordinary business operations.

**The Current Proposal Has Been Substantially Implemented and  
May be Omitted Pursuant to Rule 14a-8(i)(10)**

***The Company's Privacy Policy Itself Represents Substantial Implementation***

AT&T believes that the Current Proposal may also be omitted from the 2009 proxy materials because it has already published its Privacy Policy, which is the official statement of the Company's policies and procedures regarding customer privacy. These policies and procedures would be the core of any report that the Board would issue if the Current Proposal were adopted. The Privacy Policy is posted on the Company's website and is readily available to all stockholders, thus providing them with the basic information they need to evaluate the Company's policies and procedures concerning customer privacy, including in the context of the Company's Internet network management practices. Consequently, the Company believes that the Current Proposal has been substantially implemented and may be excluded from the 2009 proxy materials under item (i)(10) of Rule 14a-8.

Rule 14a-8(i)(10) permits a company to omit a stockholder proposal if it has already been substantially implemented by the company. This standard reflects the Staff's interpretation of the predecessor rule allowing the omission of a "moot" proposal: in order to properly exclude a stockholder proposal under the predecessor to item (i)(10) as "moot," the proposal does not have to be "fully effected" by the company so long as the company can show that it has been "substantially implemented". Exchange Act Release No. 34-20091 (August 16, 1983) (interpreting former Rule 14a-8(c)(10)). The determination of whether a company has satisfied the "substantially implemented" standard "depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." Letter regarding *Texaco, Inc.* (March 28, 1991). Moreover, the Staff has consistently allowed for the exclusion of stockholder proposals as substantially implemented where a company already has policies and procedures in place relating to the subject matter of the proposal. See, e.g. Letter regarding *The Gap, Inc.* (March 16, 2001) (proposal asking the company to prepare a report on the child labor practices of its suppliers was excluded as substantially implemented by the company's code of vendor conduct, which was discussed on the company's website); Letter regarding *Nordstrom Inc.* (February 8, 1995) (proposal that the company commit a code of conduct for overseas suppliers was excluded as substantially covered by the company's existing guidelines).

The Staff has also established that a company does not have to implement every detail of a proposal in order to exclude it under item (i)(10). Rather, "substantial implementation" requires only that the company's actions "satisfactorily address the underlying concerns of the proposal." Letter regarding *Masco Corp.* (March 29, 1999); see also, Letter regarding *Entergy, Inc.* (January 31, 2006).

The underlying concern of the Current Proposal relates to the safeguards the Company has put in place to ensure protection of the public's expectations of privacy and freedom of expression on the Internet and the way the Company is handling information with respect to its customers. AT&T's Privacy Policy<sup>7</sup>, which is available on the Company's website at <http://att.com>, already covers the Company's current policies, practices and procedures for protecting the confidentiality of customer information, including what customer information is collected and how it can be used, when and to whom it may be disclosed (including to law enforcement and other government agencies) and how the Company implements and updates its privacy policies, practices and procedures. In particular, the item titled "What Online Information We Collect, How We Use It and How You Can Control Its Use" explains, among other things, web usage information, email marketing practices and online privacy education. With respect to the latter point, AT&T's strong commitment to protect privacy rights and its efforts to constantly enhance security in connection with Internet use are also evidenced by the fact that the Privacy Policy contains detailed information on how to better protect customers' privacy and security while online. For that purpose, the Company provides its Internet customers with tools such as the "AT&T Internet Safety Web site" and the "AT&T Worldnet Security Center", which allow these customers to acquire the most recent available information and the best technical support in order to be optimally protected when using the Company's internet services.

Furthermore, the Privacy Policy provides that personal identifying information may be provided to third parties only when permitted or required by law and only in a limited number of specific instances, for example "to notify a responsible governmental entity if we reasonably believe that an emergency involving immediate danger of death or serious physical injury to any person requires or justifies disclosure without delay."

The Privacy Policy squarely addresses the underlying concern of the Current Proposal, namely, the policies, procedures and practices AT&T follows in order to protect the privacy of its customers with regard to their use of the Internet. These policies, procedures and practices, as reflected in the Privacy Policy, would necessarily form the core of any report the Board would issue if the Current Proposal were adopted. Consequently, the Privacy Policy already provides stockholders with the essential information they need to understand and evaluate how the Company addresses customer privacy matters in the context of its Internet network management practices. Requiring the Board to prepare a report on this topic would add little of real substance to the information that is already available to stockholders on this topic.

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<sup>7</sup> A copy of AT&T's Privacy Policy is also attached to this letter as Annex B.

### ***The Company's Public Statements Have Further Implemented the Current Proposal***

The Company has also provided the information called for by the Current Proposal in various public statements, as recently evidenced by the statement of Dorothy Attwood (Senior Vice President, Public Policy & Chief Private Officer) before the U.S. Senate Committee on Commerce, Science and Transportation at the Hearing on Broadband Providers and Consumer Privacy on online behavioral advertising on September 25, 2008.<sup>8</sup> Underscoring the Company's commitment to privacy protection, Ms. Attwood noted that "[W]e do, however, believe it is essential to include strong privacy protections in the design of any online behavioral advertising program, which is why we will initiate such a program only after testing and validating the various technologies and only after establishing clear and consistent methods and procedures to ensure the protection of, and ultimate consumer control over, consumer information. We further intend to work with privacy advocates, consumer privacy coalitions and fellow industry participants in a cooperative, multi-faceted effort that we trust can and will lead to a predictable consumer driven framework in this area. In any event, if AT&T deploys these technologies and processes, it will do so the right way."

Similarly, the Company has made it clear in the public record that it is a vigorous proponent of freedom of expression on the Internet, most recently in the testimony of Robert W. Quinn, Jr. (Senior Vice President-Federal Regulatory) before the Federal Communications Commission on July 21, 2008 during a hearing on Broadband and the Digital Future: "... and we respect free expression as a cornerstone of our free society. As a matter of long-standing policy, AT&T has not and will not suspend, disconnect or terminate service because of the views our customers express on any subject, including on public policy, political or social issues, or even if you just want to complain about something that we, AT&T, have or have not done. However, AT&T clearly advises customers that the use of our services for illegal purposes (such as the distribution of child pornography), or to threaten or endanger the health or safety of others, is strictly prohibited."<sup>9</sup>

Based on the considerations discussed above, AT&T believes that the Current Proposal may be omitted from its proxy materials pursuant to Rule 14a-8(i)(10) because it has already developed, implemented and made publicly available a comprehensive Privacy Policy and supplemented the Privacy Policy with numerous official, publicly available statements about important policy considerations relating to customer privacy and freedom of expression in the context of the Internet. These actions taken by the Company "compare favorably with the guidelines of the proposal" and substantially address the matters that lie at the heart of the Current Proposal.

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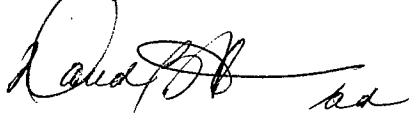
<sup>8</sup> The complete statement can be found under <http://commerce.senate.gov/public/ files/AttwoodTestimony.pdf> and is also attached as Annex C.

<sup>9</sup> The complete statement can be found under <http://attpublicpolicy.centralcast.net/2008/07/fcc-testimony.php>.

\* \* \* \* \*

For the reasons set forth in this letter, we respectfully request the Staff to confirm that the Company may omit the Current Proposal from its 2009 proxy statement and proxy card in reliance on either or both of items (i)(7) and (i)(10) of Rule 14a-8. If you would like to discuss this request, please feel free to contact the undersigned by telephone at (212) 558-3882 or e-mail at [harmSD@sullcrom.com](mailto:harmSD@sullcrom.com).

Sincerely,

A handwritten signature in black ink, appearing to read "David B. Harms", followed by a small flourish.

David B. Harms  
Sullivan & Cromwell LLP

Enclosures

cc: Wayne A. Wirtz  
Assistant General Counsel  
Legal Department  
AT&T, Inc.

Jonas Kron  
Senior Social Research Analyst  
Trillium Asset Management Corp.

Melissa Locke  
Social Research & Advocacy Analyst  
Boston Common Asset Management, LLC

Aditi Vora  
Social Research Analyst  
Calvert Asset Management Company, Inc.

## **ANNEX A**

### **Proposal/Co-proposals and related materials**

October 28, 2008

**Legal Department  
San Antonio, TX**

**OCT 29 2008**

**RECEIVED**

Ann Effinger Meuleman  
Senior Vice President and Secretary  
AT&T, Inc.  
175 E. Houston  
San Antonio, Texas 78205

Dear Ms. Meuleman,

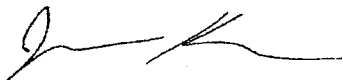
Trillium Asset Management Corp. ("Trillium") is an investment firm based in Boston specializing in socially responsible asset management. We currently manage about \$1 billion for institutional and individual clients.

I am hereby authorized to notify you of our intention to file the enclosed shareholder resolution with AT&T on behalf of our client, Ms. Jane Brown. Trillium submits this shareholder proposal for inclusion in the 2009 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8). Per Rule 14a-8, Ms. Brown holds more than \$2,000 of AT&T common stock, acquired more than one year prior to this date. Ms. Brown will remain invested in this position through the date of the 2009 annual meeting. Verification of ownership from our custodian is attached. We will send a representative to the stockholders' meeting to move the shareholder proposal as required by the SEC rules.

Please direct any communications to myself at (971) 222-3366, or via email at [jkron@trilliuminvest.com](mailto:jkron@trilliuminvest.com)

We appreciate your attention to this matter and look forward to working with you.

Sincerely,



Jonas Kron  
Senior Social Research Analyst

**BOSTON**

711 Atlantic Avenue  
Boston, Massachusetts 02111-2809  
T: 617-423-6655 F: 617-482-6179  
800-548-5684

**DURHAM**

353 West Main Street, Second Floor  
Durham, North Carolina 27701-3215  
T: 919-688-1265 F: 919-688-1451  
800-853-1311

**SAN FRANCISCO**

369 Pine Street, Suite 711  
San Francisco, California 94104-3310  
T: 415-392-4806 F: 415-392-4535  
800-933-4806

**BOISE**

950 W. Bannock Street, Suite 530  
Boise, Idaho 83702-6118  
T: 208-387-0777 F: 208-387-0278  
800-567-0538

Report on Network Management Practices,  
Public Expectations of Privacy and Freedom of Expression on the Internet

The Internet is becoming the defining infrastructure of our economy and society in the 21<sup>st</sup> century. Its potential to open markets for commerce, venues for cultural expression and modalities of civic engagement is without historic parallel.

Internet Service Providers (ISPs) are gatekeepers to this infrastructure: providing access, managing traffic, insuring communication, and forging rules that shape, enable and limit the public's Internet use.

As such, ISPs have a weighty responsibility in devising network management practices. ISPs must give far-ranging thought to how these practices serve to promote--or inhibit--the public's participation in the economy and in civil society.

Of fundamental concern is the effect ISPs' network management practices have on public expectations of privacy and freedom of expression on the Internet.

Whereas:

- More than 211 million Americans--70% of the population--use the Internet;
- The Internet serves as an engine of opportunity for social, cultural and civic participation in society;
- 46% of Americans have used the internet, e-mail or text messaging to participate in the 2008 political process;
- The Internet yields significant economic benefits to society, with online U.S. retailing revenues – only one gauge of e-commerce - exceeding \$200 billion in 2008;
- The Internet plays a critical role in addressing societal challenges such as provision of health care, with over 8 million Americans looking for health information online daily;
- 72% of Americans are concerned that their online behaviors are being tracked and profiled by companies;
- 54% of Americans are uncomfortable with third parties collecting information about their online behavior;
- Our Company provides Internet access to a very large number of subscribers and is considered a leading ISP;
- Our Company's network management practices have been questioned by consumers, civil liberties groups and shareholders; specifically, AT&T was scrutinized for censoring political speech; was the focus of a BusinessWeek story discussing content monitoring; and was called before Congress to testify on these issues;



- Class action lawsuits in several states are challenging the propriety of ISPs' network management practices;
- Internet network management is a significant public policy issue; failure to fully and publicly address this issue poses potential competitive, legal and reputational harm to our Company;
- Any perceived compromise by ISPs of public expectations of privacy and freedom of expression on the Internet could have a chilling effect on the use of the Internet and detrimental effects on society.

Therefore, be it resolved, that shareholders request the board issue a report by October 2009, excluding proprietary and confidential information, examining the effects of the company's Internet network management practices in the context of the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet.

#### Supporting Statement

One example of an issue to be examined could be the social and political effects of collecting and selling personal information to third-parties, including information companies such as First Advantage and Equifax.

Shelley Alpern  
Director of Social Research & Advocacy  
Trillium Asset Management Corp.  
711 Atlantic Avenue  
Boston, MA 02111

Fax: 617 482 6179

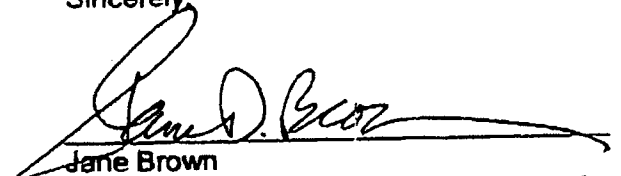
Dear Ms. Alpern:

I hereby authorize Trillium Asset Management Corporation to file a shareholder resolution on my behalf at AT&T Inc. (T).

I am the beneficial owner of 200 shares of AT&T Inc. (T) common stock that I have held for more than one year. I intend to hold the aforementioned shares of stock through the date of the company's annual meeting in 2009.

I specifically give Trillium Asset Management Corporation full authority to deal, on my behalf, with any and all aspects of the aforementioned shareholder resolution. I understand that my name may appear on the corporation's proxy statement as the filer of the aforementioned resolution.

Sincerely,

  
Jane Brown  
c/o Trillium Asset Management Corporation  
711 Atlantic Avenue, Boston, MA 02111

10/27/08  
Date

*charles* SCHWAB  
INSTITUTIONAL

PO Box 628290 Orlando Florida 32862-8290

October 28, 2008

Ann Effinger Meuleman  
Senior Vice President and Secretary  
AT&T, Inc.  
175 E. Houston  
San Antonio, Texas 78205

Re: Jane Brown/Schwab Account\*\*\* FISMA & OMB Memorandum M-07-16 \*\*\*

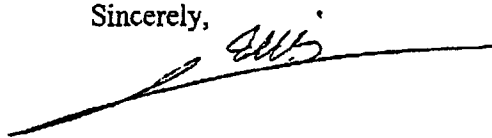
Dear Ms. Meuleman :

This letter is to confirm that Charles Schwab & Company holds as custodian for the above account more than \$2,000 (two thousand dollars) worth of common stock in AT&T Inc. (T). These shares have been held continuously for at least on year prior to and through October 28, 2008.

The shares are held at Depository Trust Company under the Nominee name of Charles Schwab and Company, Inc.

This letter serves as confirmation that the account holder listed above is the beneficial owner of the above referenced stock.

Sincerely,

A handwritten signature in dark ink, appearing to read "JC", is written over a horizontal line.

Jake Carris



BOSTON COMMON  
ASSET MANAGEMENT, LLC

RECEIVED

NOV 13 2008

CORPORATE  
SECRETARY'S OFFICE

November 10, 2008

Ms. Ann Effinger Meuleman  
Senior Vice President and Secretary  
AT&T, Inc.  
175 E. Houston  
San Antonio, Texas 78205

Dear Ms. Meuleman:

Boston Common Asset Management, LLC (Boston Common) is an asset manager serving investors concerned about the social and environmental impact as well as financial return of their investments. As of September 30, 2008, we managed approximately \$900 million in-house and subadvised assets. Our clients are long term shareholders of AT&T common stock and currently hold 114,166 shares.

I am hereby authorized to notify you of our intention to co-file with Trillium Asset Management the enclosed shareholder resolution. Boston Common submits this shareholder proposal to AT&T for inclusion in the 2009 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8). Per Rule 14a-8, our clients hold more than \$2,000 of AT&T common stock, acquired more than one year prior to this date. Boston Common will continue to maintain at least \$2,000 of AT&T through the date of the 2009 annual meeting. Verification of ownership from our custodian will be provided upon request. A representative of the shareholder group will attend the stockholders' meeting to move the shareholder proposal as required by the SEC rules.

Please direct any communications to Melissa Locke, at (617) 960-3920, or via email at [mlocke@bostoncommonasset.com](mailto:mlocke@bostoncommonasset.com).

We appreciate your attention to this matter and look forward to working with you.

Sincerely,

Melissa K. Locke  
Social Research & Advocacy Analyst

Cc: Jonas Kron, Trillium Asset Management

Report on Network Management Practices,  
Public Expectations of Privacy and Freedom of Expression on the Internet

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Whereas:

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- The Internet plays a critical role in addressing societal challenges such as provision of health care, with over 8 million Americans looking for health information online daily;
- 72% of Americans are concerned that their online behaviors are being tracked and profiled by companies;
- 54% of Americans are uncomfortable with third parties collecting information about their online behavior;
- Our Company provides Internet access to a very large number of subscribers and is considered a leading ISP;
- Our Company's network management practices have been questioned by consumers, civil liberties groups and shareholders; specifically, AT&T was scrutinized for censoring political speech; was the focus of a BusinessWeek story discussing content monitoring; and was called before Congress to testify on these issues;

- Class action lawsuits in several states are challenging the propriety of ISPs' network management practices;
- Internet network management is a significant public policy issue; failure to fully and publicly address this issue poses potential competitive, legal and reputational harm to our Company;
- Any perceived compromise by ISPs of public expectations of privacy and freedom of expression on the Internet could have a chilling effect on the use of the Internet and detrimental effects on society.

Therefore, be it resolved, that shareholders request the board issue a report by October 2009, excluding proprietary and confidential information, examining the effects of the company's Internet network management practices in the context of the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet.

#### Supporting Statement

One example of an issue to be examined could be the social and political effects of collecting and selling personal information to third-parties, including information companies such as First Advantage and Equifax.



Nancy H. Justice  
Director – SEC Compliance  
AT&T Inc.  
208 S. Akard St., Room 3000.18  
Dallas, Texas 75202  
Ph. (214) 464-8815

November 14, 2008

***Via UPS***

Boston Common Asset Management, LLC  
84 State Street, Suite 1000  
Boston, MA 02109

Attn: Melissa K. Locke  
Social Research & Advocacy Analyst

Dear Ms. Locke:

On November 11, 2008, we received your letter dated November 10, 2008, submitting a stockholder proposal for inclusion in the proxy materials for AT&T Inc.'s 2009 annual meeting. We are currently reviewing the proposal to determine if it is appropriate for inclusion.

Under the rules of the Securities and Exchange Commission ("SEC"), in order to be eligible to submit a stockholder proposal, a stockholder must: (a) be the record or beneficial owner of at least \$2,000 in market value of shares of AT&T Inc. common stock at the time a proposal is submitted and (b) have continuously owned these shares for at least one year prior to submitting the proposal.

Boston Common Asset Management does not appear in our records as a registered stockholder. Therefore, in accordance with SEC rules, you must submit to us a written statement from the record holder of the shares (usually a broker or bank) verifying that, at the time the proposal was submitted, the requisite number of shares were continuously held for at least one year. *You must provide the required documentation no later than 14 days from your receipt of this letter.*

Please note that if you or your qualified representative does not present the proposal at the annual meeting, it will not be voted upon. The date and location of the annual meeting will be provided to you at a later date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy H. Justice".



**BOSTON COMMON  
ASSET MANAGEMENT**

---

**MEMORANDUM**

---

Nancy Justice  
Director SEC Compliance  
4 ATT Center  
311 S. Akard  
Room 2-36  
Dallas, TX 75202

**Legal Department  
San Antonio, TX**

**DEC 1 2008**

**RECEIVED**

RE: Shareholder Resolution Co-Filed With Trillium Asset Management

Ms. Justice –

On November 17, 2008 we received your letter dated November, 14, 2008 requesting a written statement from our record holder affirming the number of shares that Boston Common Asset Management held as of November 10, 2008, and which were held continuously for at least one year. Please find the requested statement attached.

Please call me at 617-916-3920 or Dawn Wolfe at 617-916-3915 if you have any questions.

Sincerely,

Melissa Locke  
Boston Common Asset Management





STATE STREET

Wealth Manager Services  
Crown Colony Office Park  
1200 Crown Colony Drive  
Quincy, MA 02169

November 10, 2008

AT&T, Inc.  
175 E. Houston  
San Antonio, Texas 78205  
Attention: Corporate Secretary

Dear Sir or Madam:

State Street is the custodian and record holder for Boston Common Asset Management.

We are writing to affirm that Boston Common Asset Management currently owns 38,064 shares of AT&T Inc. common stock, Omnibus Account BOSTONCOMMON. Boston Common Asset Management has beneficial ownership of at least one percent or \$2,000 in market value of the voting securities of AT&T Inc. common stock and such beneficial ownership has existed for one or more years as of the filing date in accordance with rule 14a-8(a)(1) of the Securities Exchange Act of 1934, and that it will continue to hold the securities through the date of the 2009 annual meeting of shareholders.

Sincerely,

Lesley A. Lendh  
Senior Associate  
State Street WMS

**Calvert**



INVESTMENTS  
THAT MAKE A DIFFERENCE®

November 7, 2008

Senior Vice President and Secretary  
AT&T, Inc.  
175 E. Houston  
San Antonio, Texas 78205

Dear Sir or Madam,

Calvert Asset Management Company, Inc. ("Calvert"), a registered investment advisor, provides investment advice for the 42 mutual fund portfolios sponsored by Calvert Group, Ltd., including Calvert's 22 socially responsible mutual funds. Calvert currently has over \$12.5 billion in assets under management.

The Calvert Social Investment Fund Balanced Portfolio, Calvert Variable Series, Inc. Calvert Social Balanced Portfolio, Calvert Social Investment Fund Enhanced Equity Portfolio, and Calvert Social Index Fund (together, the "Funds") are each beneficial owners of at least \$2,000 in market value of securities entitled to be voted at the next shareholder meeting (supporting documentation available upon request). Furthermore, each Fund has held these securities continuously for at least one year, and it is Calvert's intention that the Funds continue to own shares in the Company through the date of the 2009 annual meeting of shareholders.

We are notifying you, in a timely manner, that Calvert, on behalf of the Funds, is presenting the enclosed shareholder proposal for vote at the upcoming stockholders meeting. We submit it for inclusion in the proxy statement in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.14a-8).

As a long-standing shareholder, we are filing the enclosed resolution requesting that the Board of Directors prepare a report discussing their network management practices in the context of the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet.

We understand that Jonas Kron on behalf of Trillium Asset Management is submitting an identical proposal. Calvert recognizes Trillium Asset Management as the lead filer and intends to act as a co-sponsor of the resolution. Mr. Kron has agreed to coordinate contact between the Corporation and other shareholders filing the proposal, including Calvert, and is also authorized to withdraw the resolution on Calvert's behalf. However, Calvert would like to receive copies of all correspondence sent to Mr. Kron as it relates to the proposal. In this regard,

A **UNIFI** Company®

4550 Montgomery Avenue  
Bethesda, MD 20814  
800.368.2748  
[www.calvert.com](http://www.calvert.com)

Report on Network Management Practices,  
Public Expectations of Privacy and Freedom of Expression on the Internet

The Internet is becoming the defining infrastructure of our economy and society in the 21<sup>st</sup> century. Its potential to open markets for commerce, venues for cultural expression and modalities of civic engagement is without historic parallel.

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Of fundamental concern is the effect ISPs' network management practices have on public expectations of privacy and freedom of expression on the Internet.

Whereas:

- More than 211 million Americans--70% of the population--use the Internet;
- The Internet serves as an engine of opportunity for social, cultural and civic participation in society;
- 46% of Americans have used the internet, e-mail or text messaging to participate in the 2008 political process;
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- The Internet plays a critical role in addressing societal challenges such as provision of health care, with over 8 million Americans looking for health information online daily;
- 72% of Americans are concerned that their online behaviors are being tracked and profiled by companies;
- 54% of Americans are uncomfortable with third parties collecting information about their online behavior;
- Our Company provides Internet access to a very large number of subscribers and is considered a leading ISP;
- Our Company's network management practices have been questioned by consumers, civil liberties groups and shareholders; specifically, AT&T was scrutinized for censoring political speech; was the focus of a BusinessWeek story discussing content monitoring; and was called before Congress to testify on these issues;

- Class action lawsuits in several states are challenging the propriety of ISPs' network management practices;
- Internet network management is a significant public policy issue; failure to fully and publicly address this issue poses potential competitive, legal and reputational harm to our Company;
- Any perceived compromise by ISPs of public expectations of privacy and freedom of expression on the Internet could have a chilling effect on the use of the Internet and detrimental effects on society.

Therefore, be it resolved, that shareholders request the board issue a report by October 2009, excluding proprietary and confidential information, examining the effects of the company's Internet network management practices in the context of the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet.

#### Supporting Statement

One example of an issue to be examined could be the social and political effects of collecting and selling personal information to third-parties, including information companies such as First Advantage and Equifax.

Sincerely,

A handwritten signature in black ink, appearing to read "Ivy Wafford Duke". The signature is fluid and cursive, with a large initial "I" and a stylized "W".

Ivy Wafford Duke, Esq.  
Assistant Vice President

Cc: Bennett Freeman, Senior Vice President for Social Research and Policy,  
Calvert Asset Management Company, Inc.

Stu Dalheim, Director, Shareholder Advocacy, Calvert Asset Management  
Company, Inc.

Aditi Vora, Social Research Analyst, Calvert Asset Management Company,  
Inc.

Enclosures: Resolution Text



Nancy H. Justice  
Director – SEC Compliance  
AT&T Inc.  
208 S. Akard St., Room 3000.18  
Dallas, Texas 75202  
Ph. (214) 464-8815

November 12, 2008

***Via UPS***

Calvert Asset Management Company, Inc.  
4550 Montgomery Avenue  
Bethesda, MD 20814

Attn: Ivy Wafford Duke, Esq.  
Assistant Vice President

Dear Ms. Duke:

On November 11, 2008, we received your letter dated November 7, 2008, submitting a stockholder proposal for inclusion in the proxy materials for AT&T Inc.'s 2009 annual meeting. We are currently reviewing the proposal to determine if it is appropriate for inclusion.

Under the rules of the Securities and Exchange Commission ("SEC"), in order to be eligible to submit a stockholder proposal, a stockholder must: (a) be the record or beneficial owner of at least \$2,000 in market value of shares of AT&T Inc. common stock at the time a proposal is submitted and (b) have continuously owned these shares for at least one year prior to submitting the proposal.

Calvert Asset Management Company does not appear in our records as a registered stockholder. Therefore, in accordance with SEC rules, you must submit to us a written statement from the record holder of the shares (usually a broker or bank) verifying that, at the time the proposal was submitted, the requisite number of shares were continuously held for at least one year. *You must provide the required documentation no later than 14 days from your receipt of this letter.*

Please note that if you or your qualified representative does not present the proposal at the annual meeting, it will not be voted upon. The date and location of the annual meeting will be provided to you at a later date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy H. Justice", written in dark ink.

**RECEIVED**

NOV 21 2008

CORPORATE  
SECRETARY'S OFFICE**Calvert**INVESTMENTS  
THAT MAKE A DIFFERENCE

November 20, 2008

Senior Vice President and Secretary  
AT&T, Inc.  
175 E. Houston  
San Antonio, Texas 78205

Dear Sir or Madam,

I am writing in response to your November 12, 2008 letter to Ivy Wafford Duke regarding the stockholder proposal submitted by Calvert Asset Management Company, Inc.

Please see the enclosed letter documenting that the Calvert Social Investment Fund Balanced Portfolio, Calvert Variable Series, Inc. Calvert Social Balanced Portfolio, Calvert Social Investment Fund Enhanced Equity Portfolio, and Calvert Social Index Fund each held more than \$2,000 in market value of AT&T Inc. common stock as of close of business on November 7, 2008 when Calvert submitted its shareholder proposal, and that each of these funds has continuously held these shares for at least one year prior to the date we submitted the proposal.

Please contact me immediately by phone at (301)-961-4715 or email [aditi.vora@calvert.com](mailto:aditi.vora@calvert.com) if you have any further questions regarding this matter.

Sincerely,

Aditi Vora  
Social Research Analyst

Enclosures: State Street Letter

Cc: Nancy Justice, Director- SEC Compliance, AT&amp;T Inc.

Stu Dalheim, Director, Shareholder Advocacy, Calvert Asset Management  
Company, Inc.

A UNIFI Company

4550 Montgomery Avenue  
Bethesda, MD 20814  
800.368.2748  
[www.calvert.com](http://www.calvert.com)



STATE STREET

Investment Services  
P.O. Box 5607  
Boston, MA 02110

November 19, 2008,

Calvert Group, LTD  
Fund Administration  
4550 Montgomery Avenue, Suite 1000N  
Bethesda, MD 20814

To Whom It May Concern:

This letter is to confirm that as of November 7, 2008 the Calvert Funds listed below held the indicated amount of shares of the stock of AT&T, INC. (CUSIP 00206R102). Also the funds held the amount of shares indicated continuously for one year.

Fund Number	Name	Shares as of 11/07/08	Shares held for 1 year
D805	CSIF Balanced Portfolio	305,075	259,565
D835	CVS Calvert Social Balanced Portfolio	231,900	208,977
D862	CSIF Enhanced Equity Portfolio	78,442	76,242
D872	Calvert Social Index Fund	98,338	67,408
D874	Calvert Large Cap Growth Fund	401,500	0

Please feel free to contact me if you need any further information.

Sincerely,

Michelle McElroy  
Account Manager  
State Street Corp



## **ANNEX B**

### **AT&T Privacy Policy**

# AT&T Privacy Notice

**Effective 06/16/06**

## **OUR COMMITMENT: RESPECTING AND PROTECTING YOUR PRIVACY**

### THE SCOPE OF THIS PRIVACY POLICY

#### WHAT PERSONAL IDENTIFYING INFORMATION WE COLLECT, HOW WE USE IT AND HOW YOU CAN CONTROL ITS USE

- Personal identifying information we collect and use
- Personal identifying information we disclose to third parties
- Information included in our directories and directory assistance service
- Obtaining non-published and non-listed numbers
- Our "Do Not Call" lists
- Customer Proprietary Network Information

#### WHAT ONLINE INFORMATION WE COLLECT, HOW WE USE IT AND HOW YOU CAN CONTROL ITS USE

- Web usage information we collect and use
- How we use cookies, Web beacons, etc.
- Our e-mail marketing practices
- Our policy on online access by children
- Linking to other sites
- Online privacy education

### HOW WE PROTECT YOUR INFORMATION

### PRIVACY POLICY UPDATES

### CONTACTING US: QUESTIONS, COMMENTS, CONCERNS

[Back to Privacy Summary](#)

## **OUR COMMITMENT: RESPECTING AND PROTECTING YOUR PRIVACY**

The AT&T family of companies ("AT&T") recognizes that the trust of our customers and Web visitors requires vigilant, responsible privacy protections.

We respect and protect the privacy of our customers. As a provider of telecommunications and related services and products we recognize that we must maintain the confidentiality of every customer's telephone calling and other account information.

We also respect and protect the privacy of our Web visitors. The expansion of online services and changing technologies continues to create unique privacy concerns and we recognize the need to maintain the confidentiality of information that Web visitors reasonably expect to remain private.

We have a long history of vigorously protecting customer and web visitor privacy. Our customers and web visitors expect, deserve and receive nothing less than our fullest commitment to their privacy. We also have an obligation to assist law enforcement and other government agencies responsible for protecting the public welfare, whether it be an individual or the security interests of the entire nation. If and when we are asked to help, we do so strictly within the law and under the most stringent conditions.

\* AT&T Inc. was created on Nov. 18, 2005, through a merger of SBC Communications Inc. and AT&T Corp. We continue to undergo branding changes to bring together all former SBC and AT&T brands and this privacy policy applies irrespective of AT&T or SBC branding.

[top](#)

### **THE SCOPE OF THIS PRIVACY POLICY**

This privacy policy addresses the privacy of AT&T retail customers and Web visitors in the United States. Where applicable, AT&T will comply with the laws of other countries that contain mandatory requirements that differ from this policy. In selected jurisdictions outside the United States, a member of the AT&T family of companies may adopt a separate privacy policy to reflect the requirements of applicable local laws.

This policy identifies the types of data and information we collect, how we use it, how you can control its use and the steps we take to protect it. The primary focus of this policy is non-public information that identifies or

that is linked to the identity of a customer or Web visitor ("personal identifying information").

In this policy, the AT&T family of companies means AT&T Inc. and its subsidiary and affiliated entities. Members of the AT&T family of companies have agreed to the privacy practices in this policy — except for Wireless from AT&T, formerly Cingular® Wireless and YELLOWPAGES.COM, both of which are joint ventures between AT&T and Bell South and operate under their own privacy policies. Personal identifying information shared between Wireless from AT&T, formerly Cingular® Wireless or YELLOWPAGES.com and other AT&T family of company members will be used and protected as set forth in this policy.

This policy does not apply where non-members of the AT&T family of companies ("third parties") have licensed the AT&T brand for use with their own products or services. For example, the policy does not apply to Advanced American Telephones, which licenses the AT&T Brand to sell telephone equipment, or to Citibank, which licenses the AT&T Brand to offer its AT&T Universal Card.

When you sign up for certain AT&T-offered services, you may agree to additional privacy policies that address service-specific privacy practices. For example, certain AT&T Internet services — AT&T Dial, AT&T High Speed Internet, and AT&T High Speed Internet U-verse Enabled — and AT&T U-verse TV and Homezone services are subject to an additional privacy policy. View a copy of the AT&T Internet Service and Video Services policy. Similarly, AT&T | DISH network service is subject to an additional privacy policy.

[top](#)

## **WHAT PERSONAL IDENTIFYING INFORMATION WE COLLECT, HOW WE USE IT AND HOW YOU CAN CONTROL ITS USE**

### **Personal identifying information we collect and use**

We collect personal identifying information regarding our customers, including information customers give us, information collected as a result of the customer's relationship with us and information we obtain from other sources. Examples include name; address; e-mail address; telephone number; billing, payment, usage, credit and transaction information (including credit card numbers, account numbers and/or social security number); and demographic information.

We also collect personal identifying information that our Web visitors choose to provide to us (e.g., name, address, telephone number, e-mail address) when registering on our Web sites; ordering AT&T-offered products or services; sending us e-mail; responding to our surveys; entering contests or sweepstakes; or in connection with online ordering or billing functions.

We use the personal identifying information of a customer to provide, confirm, change, bill, monitor and resolve problems with the quality of AT&T-offered products and services. We also use the personal identifying information of a customer or Web visitor to develop, market and sell our products and services.

We may aggregate the personal identifying information of different customers or Web visitors to produce data about a group or category of services, customers or Web visitors. For example, we might use aggregate data about the types of services our customers have generally purchased at the same time in order to develop attractive bundled service offerings. Such aggregate data, however, will not reflect any personal identifying information of any specific customer or Web visitor.

### **Personal identifying information we disclose to third parties**

We do not provide personal identifying information (other than information included in our directories and directory assistance service) to third parties for the marketing of their products and services without your consent.

We may provide personal identifying information to third parties where required to provide certain AT&T-offered products and services. For example, we disclose certain AT&T | DISH Network-related personal identifying information to Echostar Satellite Corporation, L.L.C. and its affiliates solely in order to provide AT&T | DISH Network services.

We may also provide personal identifying information to third parties who perform functions or services on our behalf. Examples include shipping companies who deliver AT&T products; AT&T-authorized agents who market and sell AT&T-offered products and services on our behalf; and Web site development or advertising companies, who provide Web design, analysis and advertising services.

When we provide such personal identifying information to third parties to perform such functions or services on our behalf, we require that they protect personal identifying information consistent with this policy and do not allow them to use such information for other purposes.

We may, where permitted or required by law, provide personal identifying information to third parties (including credit bureaus or collection agencies) without your consent:

- To obtain payment for AT&T-offered products and services, enforce or apply our customer agreements, and/or protect our rights or property.

- To comply with court orders, subpoenas, or other legal or regulatory requirements.

- To prevent unlawful use of communications or other services, to assist in repairing network outages, and when a call is made to 911 from a customer phone and information regarding the caller's location is transmitted to a public safety agency.

- To notify a responsible governmental entity if we reasonably believe that an emergency involving immediate danger of death or serious physical injury to any person requires or justifies disclosure without

delay.

A customer's name and telephone number may also be transmitted and displayed on a Caller ID device unless the customer has elected to block such information. Caller ID Blocking does not prevent the display of the number when you dial certain business numbers, 911, 900 numbers or toll-free 800, 888, 877 or 866 numbers.

### **Information included in our directories and directory assistance service**

We publish and distribute directories in print, on the Internet, and on CDs and/or other electronic media (some complimentary and some for a fee). These directories include limited personal identifying information about our customers — i.e., published customer names, addresses and telephone numbers — without restriction to their use. Our directories may also include information obtained from third parties. We also make that information available through directory assistance operators and through the Internet. For more information on controlling the disclosure of this information, see Obtaining non-published and non-listed numbers below.

We are required by law to provide published customer names, addresses and telephone numbers (or non-published status) to unaffiliated directory publishers and directory assistance providers, over whom AT&T has no control, for their use in creating directories and offering directory assistance services.

This directory information is not legally protected by copyrights and may be sorted, packaged, repackaged and made available again in different formats by anyone, including AT&T.

### **Obtaining non-published and non-listed numbers**

Except as described below, telephone listings of AT&T local telephone customers are made available in our directories and through directory assistance.

When a customer subscribes to AT&T local telephone service, we offer the opportunity to request that the customer's name, number, and address not be published in our directories or made available through our directory assistance.

The names, numbers and addresses of customers who choose to have a "non-published" number will not be available in our directories or through our directory assistance. Likewise, we do not make non-published numbers available to others to include in directories or to provide directory assistance services.

The names, numbers and addresses of customers who choose to have a "non-listed" number will not be available in AT&T directories, but the information will be publicly available through directory assistance and will be provided to unaffiliated directory assistance providers over whom AT&T exercises no control.

There is a fee for customers who choose to have non-published or non-listed telephone numbers.

Customers may choose to exclude partial or all address information from their listings.

Customers in Nevada do not have the option of a non-listed number.

For more information, contact an AT&T service representative.

### **Our "Do Not Call" lists**

We comply with all applicable laws and regulations regarding "Do Not Call" lists. These laws generally permit companies to contact their own customers even though such customers are listed on the federal and, in some instances, state "Do Not Call" lists.

Residential consumers may request that they be removed from AT&T's telemarketing lists at any time, including when an AT&T marketing and promotional call is received or by contacting an AT&T service representative.

Where required by state laws and/or regulations, we also honor requests from business customers to be removed from our telemarketing lists.

Wireless from AT&T, formerly Cingular® Wireless maintains its own "Do Not Call" policy and lists. Please contact Wireless from AT&T, formerly Cingular Wireless directly at 1-866-CINGULAR if you wish to be placed on its "Do Not Call" list.

### **Customer Proprietary Network Information**

In the normal course of providing telecommunications services to our customers, we collect and maintain certain customer proprietary network information, also known as "CPNI". Your CPNI includes the types of telecommunications services you currently purchase, how you use them and related billing information for those services. Your telephone number, name and address are not CPNI.

Protecting the confidentiality of your CPNI is your right and our duty under federal law. We do not sell, trade or share your CPNI — including your calling records — with anyone outside of the AT&T family of companies or with anyone not authorized to represent us to offer our products or services, or to perform functions on our behalf except as may be required by law or authorized by you.

As a general rule, we are permitted to use CPNI in our provision of telecommunications services you purchase, including billing and collections for those services. We are permitted to use or disclose CPNI to offer telecommunications services of the same type that you already purchase from us. We may also use or disclose your CPNI for legal or regulatory reasons such as a court order, to investigate fraud or to protect

against the unlawful use of our telecommunications network and services and to protect other users.  
Click here for more information on the use of CPNI.

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## **WHAT ONLINE INFORMATION WE COLLECT, HOW WE USE IT AND HOW YOU CAN CONTROL ITS USE**

### **Web usage information we collect and use**

When Web visitors access our Web sites we automatically receive certain "Web usage" information. For example, our Web servers automatically collect the visitor's IP address, the visitor's Web browser and operating system types, and the identity of the Web page from which the visitor's browser entered our Web site. In addition, primarily through the use of cookies or Web beacons, we may collect other Web usage information, such as the Web pages the browser visits on our Web sites, the amount of time spent on such Web pages and whether the browser re-visits our Web sites/pages.

We use Web usage information to facilitate and enable the functioning of our Web sites and to expand and improve our Web visitors' online experience. We may also aggregate such Web usage information with other visitors' Web usage information to assess trends and better design, monitor and otherwise improve our Web sites, as well as to focus our marketing efforts.

In some cases we may combine Web usage information related to your access to our Web sites with personal identifying information. We use the combined information to provide our customers and Web visitors with a better online experience by providing customized features and services and to market and provide advertising about goods and services that may be of particular interest. Once combined, the resulting data is protected as personal identifying information as described in this policy.

### **How we use cookies, Web beacons, etc.**

Cookies are alphanumeric identifiers that a Web server sends to your computer when you visit a Web site. Cookies can contain a variety of information, such as a simple count of how often you visit a Web site or information that allows us to customize our Web site for your use. Web beacons (also known as "clear gifs" or "one-pixel gifs") are small graphic images on a Web page or in an e-mail that allow us to monitor the activity on our Web sites or to make cookies more effective.

We, or a third party acting on our behalf, may use "cookies" to tailor and improve the content we deliver to our Web visitors, to improve our Web sites by assessing which areas, features, and products are most popular, and to personalize our Web sites and make recommendations based on information, including product choices, a particular visitor has previously provided. For example, we may use a cookie to identify your state so we do not ask you to enter it more than once. We also use cookies to store user preferences, complete online order activity and keep track of transactions.

We, or a third party acting on our behalf, may use Web beacons in certain of our Web pages and e-mails to gauge the effectiveness of our marketing campaigns and e-mail correspondence. For example, we may use Web beacons in our HTML-based e-mails to let us know which e-mails have been opened by the recipients.

You can configure your Web browser to alert you when a Web site is attempting to send a cookie to your computer and allow you to accept or refuse the cookie. You can also set your browser to disable the capacity to receive cookies or you can delete cookies previously accepted. Some AT&T Web pages (and other Web pages) may not work correctly if you have cookies disabled.

We may use advertising companies to deliver ads for AT&T-offered services and products on our Web sites or on third party Web sites. These Internet ads are often called "banner ads" and may contain third-party cookies or Web beacons that allow tracking of visitors' responses to our advertisements. Although these third parties may receive anonymous Web usage information about ad viewing on such Web sites, we prohibit them from using this information for any purpose other than to assist us in measuring the effectiveness of our ads.

We may also accept third party advertisements on our Web sites. You should refer to the privacy policy of these advertisers for information regarding their use of cookies and collection of information. You can visit the Network Advertising Initiative Web site to opt out of certain network advertisers' cookies.

### **Our e-mail marketing practices**

We periodically send customers news and updates via e-mail regarding AT&T-offered services, products, and special promotions. Every marketing e-mail we send contains instructions and an opt-out link that will allow you to stop additional AT&T marketing e-mails based on line of business.

We do not provide your e-mail address to third parties for the marketing of third-party products without your consent.

### **Our policy on online access by children**

AT&T Web sites are not designed to attract children under the age of 13. We do not target children for the collection of information online and do not knowingly collect personal identifying information from anyone under the age of 18.

Ordering online products and services from AT&T is limited to adults (age 18 or over or as otherwise legally defined).

We comply with all applicable laws and regulations, including the Children's Online Privacy Protection Act

(COPPA), which requires the consent of a parent or guardian for the collection of personally identifiable information from children under 13.

### Linking to other sites

Our Web sites may provide links to third party sites. We are not responsible for the privacy, security or content of such sites. If you are asked to provide information on one of these Web sites, we encourage you carefully to review their privacy policy before sharing your information.

### Online privacy education

We care about the privacy of our customers and Web visitors and strive to provide you with relevant information to help you learn how better to protect your privacy and security while online. Please visit the AT&T Internet Safety Web site and the AT&T Worldnet Security Center.

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## HOW WE PROTECT YOUR INFORMATION

All AT&T employees are subject to the AT&T Code of Business Conduct and certain state-mandated codes of conduct. The AT&T Code requires all our employees to follow every law, rule, regulation, court and/or commission order that applies to our business at all times. In addition, the Code specifically requires compliance with legal requirements and company policies related to the privacy of communications and the security and privacy of customer records. Employees who fail to meet any of the standards embodied in the Code of Business Conduct may be subject to disciplinary action, up to and including dismissal.

We employ security measures designed to protect against unauthorized access to or unauthorized alteration, disclosure or destruction of data, including personal identifying information. We have implemented technology and security features and strict policy guidelines to safeguard the privacy of your personal identifying information, and we will continue to enhance our security procedures as new technology becomes available. For example:

We maintain and protect the security of our servers and we typically require user names and passwords to access sensitive data.

We use industry standard encryption methods to protect your data transmission unless you authorize unencrypted transmission.

We limit access to personal identifying information to those employees, contractors, and agents who need access to such information to operate, develop, or improve our services and products.

If we determine that a security breach has occurred and that such breach creates a risk of identity theft or service disruption, we will make reasonable attempts to notify you.

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## PRIVACY POLICY UPDATES

This privacy policy supersedes and replaces all previously posted privacy policies.

We want you to be aware of the information we collect, how we use it and under what circumstances, if any, we disclose it. We reserve the right to update this privacy policy to reflect any changes we make in order to continue to serve the best interests of our customers and Web visitors and will timely post those changes. If we make a material change to this privacy policy, we will post a prominent notice on our Web sites.

If we intend, however, to use personal identifying information in a manner materially different from that stated at the time of collection, we will attempt to notify you at least 30 days in advance using an address or e-mail address, if you have provided one, and by posting a prominent notice on our Web sites, and you will be given a choice as to whether or not we use your information in this different manner.

Please periodically check our Web sites for changes to this privacy policy.

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## CONTACTING US: QUESTIONS, COMMENTS, CONCERNS

AT&T honors requests from customers and Web visitors to review their personal identifying information that we maintain in reasonably retrievable form and we will gladly correct any such information that is inaccurate. You may verify that appropriate corrections have been made. Please contact an AT&T service representative.

If you are receiving unwanted e-mails at or from an SBC Internet Service e-mail address (e.g., @sbcglobal.net, @yahoo.com) please visit the AT&T Yahoo! Anti-Spam Resource Center. For AT&T Worldnet unwanted e-mails, please visit the AT&T Worldnet Spam Center.

We are happy to address any concerns you may have about our privacy practices and policies. You may e-mail us at [privacypolicy@ATT.com](mailto:privacypolicy@ATT.com) or write to us at AT&T Privacy Policy, 175 E. Houston St., San Antonio, TX 78205.

AT&T is a TRUSTe licensee. TRUSTe is an independent, non-profit organization whose mission is to build user's trust and confidence in the Internet by promoting the use of fair information practices. Because AT&T wants to demonstrate its commitment to your privacy, it has agreed to disclose its information practices and

have its privacy practices reviewed for compliance by TRUSTe. The TRUSTe program covers only information collected through AT&T Web sites, and does not cover information that may be collected through software downloaded from such sites.

AT&T's privacy policy and practices also meet the requirements of the Better Business Bureau's Online Privacy Program, and we proudly display the BBBOnLine Privacy Seal. Further information about this program is available at [www.bbbonLine.org](http://www.bbbonLine.org).

If you have questions or concerns regarding this policy, you should first contact us via e-mail at [privacypolicy@att.com](mailto:privacypolicy@att.com). If you do not receive acknowledgment of your inquiry or your inquiry is not satisfactorily addressed, you should then contact TRUSTe through the TRUSTe Watchdog Dispute Resolution Process and TRUSTe will serve as a liaison to resolve your concerns. You may also contact BBBOnLine at [www.bbbonLine.org](http://www.bbbonLine.org).

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## **ANNEX C**

### **Statement of Dorothy Attwood**



**STATEMENT OF DOROTHY ATTWOOD  
SENIOR VICE PRESIDENT, PUBLIC POLICY & CHIEF PRIVACY OFFICER  
AT&T INC.**

**BEFORE:**

**UNITED STATES SENATE  
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION  
HEARING ON BROADBAND PROVIDERS AND CONSUMER PRIVACY**

**September 25, 2008**

Thank you, Chairman Inouye and Ranking Member Hutchison, for providing AT&T Inc. the opportunity to discuss online advertising and, more specifically, the issue that has received a good deal of recent attention, so-called online behavioral advertising. We trust that this hearing will help the discussion evolve past slogans and rhetoric to a more thoughtful examination of the facts and the development of a holistic consumer privacy policy framework that all participants in the online behavioral advertising sphere can and will adopt.

Your interest in these matters surely is warranted. Online advertising fuels investment and innovation across a wide range of Internet activities, and provides the revenue that enables consumers to enjoy many free and discounted services. Likewise, website publishers make most of their money from advertising, which revenue in turn funds today's vast wealth and diversity of Internet content and information – most of which consumers enjoy, again, for free. On the other hand, online advertising, especially next-generation forms of highly targeted behavioral advertising that involve tracking consumer web browsing and search activities, raise important consumer-privacy concerns that policymakers and industry must carefully weigh. In short,

setting proper policy in this area will be crucial to a healthy and growing Internet ecosystem that benefits consumers.

AT&T does not today engage in online behavioral advertising, but we understand the uniquely sensitive nature of this practice. We have listened to our customers and watched the debate unfold, and are responding by advocating for a consumer-focused framework. As described in more detail herein, the pillars of this framework – *transparency, consumer control, privacy protection, and consumer value* – can be the foundation of a consistent regime applicable to all players in the online behavioral advertising sphere – including not just Internet Service Providers (“ISPs”), but also search engines and third party advertising networks – that both ensures that consumers have ultimate control over the use of their personal information and guards against privacy abuses.<sup>1</sup>

In particular, we believe that effective customer control for online behavioral advertising requires meaningful consent and therefore commit that *AT&T will not use consumer information for online behavioral advertising without an affirmative, advance action by the consumer that is based on a clear explanation of how the consumer’s action will affect the use of her information.* This concept – often generically referred to as “opt-in” – means that a consumer’s failure to act will *not* result in any collection and use by default of that consumer’s information for online behavioral advertising purposes. This affirmative consent model differs materially from the default-based privacy policies that advertising networks and search engines – which already are

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<sup>1</sup> The policy framework that AT&T proposes here is informed by and should complement the Online Behavioral Advertising Self-Regulatory Principles issued by staff of the Federal Trade Commission in December of last year. Online Behavioral Advertising: Moving the Discussion Forward to Possible Self-Regulatory Principles, available at <http://www.ftc.gov/05/2007/12/P85900stmt.pdf>.

engaged in online behavioral advertising – currently employ. Given the obvious consumer benefits of such a model, we encourage all companies that engage in online behavioral advertising – regardless of the nature of their business models or the technologies they utilize – likewise to adopt this affirmative-advance-consent paradigm.

### **What is Online Behavioral Advertising?**

There is no single, settled definition of online behavioral advertising in statute or case law, but the FTC and others have used the term to refer to it as the tracking of a consumer's web search and web browsing activities – by tracking either the person or a particular Internet access device, be it a computer, data-enabled mobile phone, or some other communications vehicle – to create a distinct profile of the consumer's online behavior. In this sense, it can clearly be distinguished from the simple practice of tracking a consumer's use of an individual website or obviously-related websites (such as those operated under a common trademark, trade name or conspicuously disclosed corporate affiliation), which practice does not necessarily raise the same privacy concerns as online behavioral advertising but which nonetheless can and should expressly be disclosed to Internet users. Privacy concerns about online behavioral advertising are not new – indeed, DoubleClick's (now a Google subsidiary) use of tracking cookies to collect and use information about consumer web browsing activity was the subject of an FTC proceeding in 2000.<sup>2</sup> More recently, the FTC and Congress have appropriately asked questions about the privacy implications of emerging online advertising businesses that involve the tracking of consumer web browsing and search activity. Thus, consistent with the focus of recent public discussion, we consider online behavioral advertising to be (1) the tracking of user

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<sup>2</sup> Letter from Joel Winston, Acting Associate Director, Division of Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, to Christine Varney, Hogan & Hartson, Re: DoubleClick Inc. (Jan 22, 2001)(memorializing closure of FTC staff investigation).

web browsing and search activity across unrelated websites, (2) when the tracking and association of the websites or their components are largely invisible to the user, and (3) the resulting information is used to create a distinct user profile and deliver targeted advertising content.

Online behavioral advertising can take many forms. It can, for instance, involve the use by an ISP of technologies to capture and analyze a user's Internet browsing activities and experience across unrelated websites. These more ISP-specific methodologies are not, however, the only – and certainly are not nearly the most prevalent – forms of online behavioral advertising.

Advertising-network technologies have evolved beyond solely tracking consumer web surfing activity at sites on which they sell advertising. They now also have the ability to observe a user's entire web browsing experience at a granular level. Techniques include the ad network “dropping” third-party tracking “cookies” on a consumer's computer to capture consumer visits to any one of thousands of unrelated websites; embedding software on PCs; or automatically downloading applications that – unbeknownst to the consumer – log the consumer's full session of browsing activity.

Ad networks and other non-ISPs employ these capabilities at the individual browser or computer level and they are as effective as any technique that an ISP might employ at creating specific customer profiles and enabling highly targeted advertising. Already ad networks and search engines track and store a vast trove of data about consumers' online activities. Google's practices exemplify the already extensive use of online behavior advertising, particularly by non-ISPs. Google logs and stores users' search requests, can track the search activity by IP address

and a cookie that identifies the user's unique browser, and can even correlate search activities across multiple sessions, leading to the creation of a distinct and detailed user profile. Through DoubleClick, Google can drop tracking cookies on consumers' computers so that whenever the consumer visits web sites that contain a display ad placed by DoubleClick (which can be for virtually any product or service), the consumer's web browsing activity can be tracked across seemingly unrelated sites (e.g., CNN.com or ESPN.com). Google further has access to enormous amounts of personal information from its registered users, which its privacy policy expressly confirms can be combined with information from other Google services or third parties for the "display of customized content and advertising." And it even scans emails from non-Gmail subscribers sent to Gmail subscribers for contextual advertising purposes.

Thus, if anything, the largely invisible practices of ad-networks and search engines raise at least the same privacy concerns as do the online behavioral advertising techniques that ISPs could employ, such as deep-packet-inspection, which have application beyond mere targeted advertising, including managing network congestion, detecting viruses and combating child pornography. In short, the privacy and other policy issues surrounding online behavioral advertising are not technology-specific. The relevant touchstones are the manner in which consumer information is tracked and used, and the manner in which consumers are given notice of and are able to consent to or prohibit such practices. Those factors are entirely technology-neutral.

### **AT&T's Approach to Online Behavioral Advertising**

AT&T does not today engage in online behavioral advertising.<sup>3</sup> This is not because AT&T sees no value in this next-generation form of online advertising. Indeed, if done properly, online behavioral advertising could prove quite valuable to consumers and could dramatically improve their online experiences. We do, however, believe it is essential to include strong privacy protections in the design of any online behavioral advertising program, which is why we will initiate such a program only after testing and validating the various technologies and only after establishing clear and consistent methods and procedures to ensure the protection of, and ultimate consumer control over, consumer information. We further intend to work with privacy advocates, consumer privacy coalitions and fellow industry participants in a cooperative, multi-faceted effort that we trust can and will lead to a predictable consumer driven framework in this area. In any event, if AT&T deploys these technologies and processes, it will do so the right way.

Against this backdrop, AT&T has already listened closely to its customers and will adopt meaningful and flexible privacy principles that will guide any effort to engage in online behavioral advertising. We summarize this framework as follows:

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<sup>3</sup> AT&T does engage in some of the more ordinary and established aspects of online advertising. Like virtually every entity with a retail Internet presence, AT&T tracks usage on its own websites, such as att.com, in order to improve the online experience, optimize a particular site's capabilities and ease-of-use, and provide the most useful information to consumers about AT&T's products and services. In addition, like thousands of other businesses that operate websites, AT&T does business with advertising networks and has partnered with providers of online search. For example, on the AT&T broadband Internet access portal, AT&T makes space available for advertising provided by the Yahoo! advertising network, and users of the portal may be shown advertising that is based on their activity across sites signed up to the Yahoo! advertising network. Also by way of example, we have arranged for the Google search box to appear on our my.att.net site. In this regard, then, we are no different than any other website publisher.

- ***Transparency:*** Consumers must have full and complete notice of what information will be collected, how it will be used, and how it will be protected.
- ***Consumer Control:*** Consumers must have easily understood tools that will allow them to exercise meaningful consent, which should be a sacrosanct precondition to tracking online activities to be used for online behavioral advertising.
- ***Privacy protection:*** The privacy of consumers/users and their personal information will be vigorously protected, and we will deploy technology to guard against unauthorized access to personally identifiable information
- ***Consumer Value:*** The consumer benefits of an online behavioral advertising program include the ability to receive a differentiated, secure Internet experience that provides consumers with customized Internet advertisements that are relevant to their interests. But we think the future is about much more than just customized advertising. Consumers have shown that in a world of almost limitless choices in the content and services available on the Internet, they see great value in being able to customize their unique online experience. That is the ultimate promise of the technological advances that are emerging in the market today.

### **Call to Action**

We believe these principles offer a rational approach to protecting consumer privacy while allowing the market for Internet advertising and its related products and services to grow. But, in order for consumers truly to be in control of their information, *all* entities involved in Internet advertising, including ad networks, search engines and ISPs, will need to adhere to a consistent set of principles. A policy regime that applies only to one set of actors will arbitrarily favor one business model or technology over another and, more importantly, represent only a partial and entirely unpredictable solution for consumers. After all, consumers do not want information and control with respect to just a subset of potential online advertising or the tracking and targeting that might underlie those ads. Thus, we urge all entities that engage in online behavioral advertising – including especially those who already engage in the practice – to join AT&T in committing to a policy of advance, affirmative consumer consent.